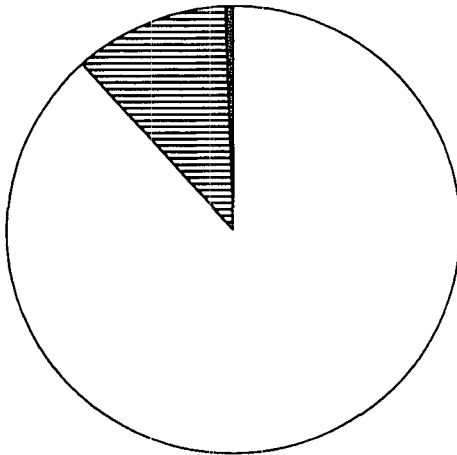


CIVIC CENTER CAPITAL PROGRAM

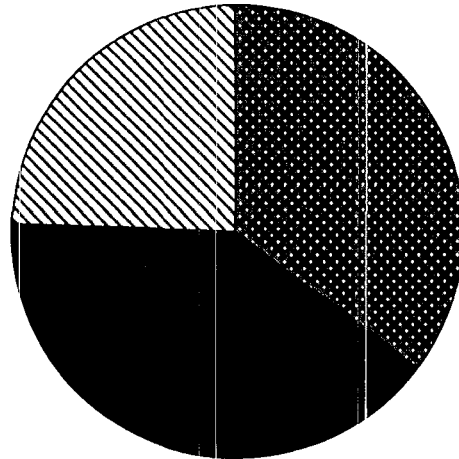
2006-2010 Capital Improvement Program

**2005-2006 Adopted
Source of Funds**



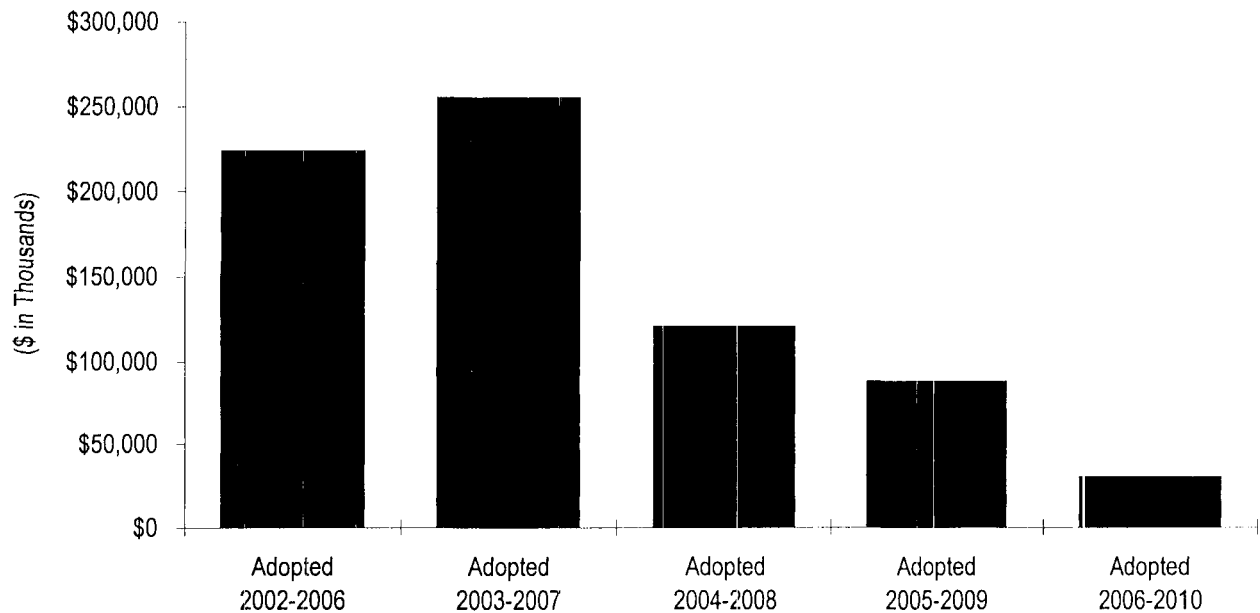
☐ Beginning Fund Balance
☒ Bond Proceeds
☒ Interest Earnings

**2005-2006 Adopted
Use of Funds**



☒ Construction
☒ Non-Construction
☒ Reserves

CIP History



Civic Center Capital Program

2006-2010 Adopted Capital Improvement Program

Overview

Introduction

The Civic Center Capital Program is responsible for constructing the new City Hall and associated parking facilities. The new City Hall includes approximately 530,000 square feet of office and public space and is located on a 4.9-acre site located on the south side of East Santa Clara Street, between 4th and 6th Streets. Major components include an 18-story office tower, a council chamber wing, an open public plaza with a rotunda, plus a 372-vehicle underground parking garage to serve the visiting public and some staff. The finished facility is able to accommodate up to 1,950 City staff.

The project also includes an off-site 1,128-vehicle employee-parking garage located north of Santa Clara Street, between 4th and 5th Streets.

The 2005-2006 budget and 2006-2010 CIP for this capital program total \$30.6 million and primarily reflect project closeout costs. This program is part of the Strategic Support City Service Area (CSA) and supports the following outcomes: *Safe and Functional Public Infrastructure, Facilities, Materials and Equipment;* and *Effective Use of State-of-the-Art Technology.*

Program Priorities and Objectives

The new City Hall is a landmark building for our community. This facility will provide a better work environment that will:

- Improve the quality of public service by bringing City operations together;
- Enhance the efficiency and effectiveness of City operations; and

- Support long-term community development goals.

One of the major goals of this capital program has been to deliver the new City Hall project in a timely and cost effective manner.

Sources of Funding

The new City Hall and associated parking facilities have been funded through lease revenue bond proceeds and commercial paper proceeds. The General Fund and other special and capital funds that support the staff that will be located at this new facility will be responsible for the debt service payments.

Program Highlights

In terms of the project timeline, the design phase produced construction documents and the first contract was awarded in July 2002. Groundbreaking and initial construction of the new City Hall began in August 2002. Structural steel topping off occurred in January 2004. Enclosure of the tower and wing occurred in January 2005. The project is nearing completion, with occupancy successfully completed in mid-2005.

The construction of the off-site garage was delayed as a result of the Preservation Action Council of San Jose (PAC-SJ) lawsuit. The construction contract was awarded in February 2005 and is now expected to be completed in the spring of 2006. An interim parking plan was implemented to provide parking for City employees at other City-owned parking garages.

The total cost to construct the new City Hall and parking facilities is budgeted at \$345.6 million. As reported to the City Council previously in the quarterly Project Updates

Civic Center Capital Program

2006-2010 Adopted Capital Improvement Program

Overview

Program Highlights (Cont'd.)

and the 2004-2005 Mid-Year Budget Review, current cost projections are tracking \$3 to \$4 million above the budget. This cost estimate is based on an analysis of the anticipated change orders through the remainder of the project and settling potential contractor claims on the project. To address these potential costs, \$4 million from the interest earnings on the bond proceeds issued for this project was approved for allocation as a close-out contingency to enable the timely resolution of any outstanding claims and the completion of the project. This increase, which reflects approximately 1% of the total project cost, remains the best estimate of the additional resources needed to complete the new City Hall project. Value engineering and cost

reductions are constantly being studied to lower projected costs. The chart below provides a breakdown of the project construction costs.

In addition to the construction budget, \$45.25 million was allocated for technology, furniture and equipment to operate this facility in the most effective manner. Following Council direction, the Administration is making every effort to lower this cost by 15%. Based on contract awards to date, savings of 15%-20% (\$7-\$9 million) are anticipated. The individual furniture, technology and equipment items have been brought forward for Council consideration at the time of contract award with a report of the total costs and any cost savings.

Projected City Hall Construction Costs

	Actuals thru 2003-2004	2004-2005 Estimates	2005-2006	Total
New City Hall - Construction	\$ 164,250,000	\$ 98,250,000	\$ 5,467,000	\$ 267,967,000
New City Hall - Land Acquisition	41,900,000			41,900,000
City Hall Parking - Construction	2,055,000	22,779,000	1,319,000	26,153,000
City Hall Parking - Land Acquisition	9,417,000	183,000		9,600,000
Total Construction Costs	\$ 217,622,000	\$ 121,212,000	\$ 6,786,000	\$ 345,620,000
Contingency for Project Close-out			\$ 4,000,000	\$ 4,000,000
Total with Potential Close-Out Costs				\$ 349,620,000

Major Changes from the 2005-2009 Adopted CIP

Major changes from the 2005-2009 Adopted CIP include the following:

- Addition of \$2.62 million to the off-site parking garage and new City Hall to

reflect higher costs resulting from the re-bid of the off-site garage project. Due to the PAC SJ lawsuit associated with the garage, this project was delayed one year. When the project was re-bid after the resolution of the legal issues, the costs were significantly higher, reflecting the escalation of steel and concrete prices.

Civic Center Capital Program

2006-2010 Adopted Capital Improvement Program

Overview

Major Changes from the 2005-2009 Adopted CIP (Cont'd.)

- Addition of \$4.0 million to the new City Hall construction project to address estimated project closeout costs.

Operating Budget Impact

The new City Hall debt service and operating and maintenance costs begin in 2005-2006 and will be covered by the General Fund and special and capital funds. For the General Fund, which is responsible for approximately one-half of the total City Hall operating costs, a combination of savings from lease costs and the sale of assets will be used as cost offsets as discussed in the 2006-2010 Five-Year Forecast.

Because this facility will be operational in 2005-2006, the operating costs have been incorporated in the 2005-2006 Adopted Operating and Capital Budgets. The facility is designed to serve the public, house many City operations, and serve as the City's corporate headquarters. Cost allocation formulas reflect these purposes.

Council-Approved Revisions to the Proposed Capital Improvement Program

During the June budget hearings, the City Council approved the rebudgeting of unexpended funds totaling \$8.5 million in the Civic Center Improvement Fund for Technology, Furniture, Equipment and Relocation costs.

2005-2006 CAPITAL BUDGET

2006-2010 CAPITAL IMPROVEMENT PROGRAM

CIVIC CENTER

SOURCE OF FUNDS

USE OF FUNDS

2005-2006 USE OF FUNDS BY FUNDING SOURCE

The Source of Funds displays the capital revenues by funding source for each year of the Five-Year Capital Improvement Program. The Use of Funds displays the capital expenditures by line-item for each year of the five-year period. The 2005-2006 Use of Funds by Funding Source displays the funding sources for the capital expenditures that are budgeted in 2005-2006.

Civic Center Capital Program
2006-2010 Adopted Capital Improvement Program
Source of Funds

SOURCE OF FUNDS	Estimated 2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	5-Year Total
<u>Civic Center Construction Fund</u>							
Beginning Fund Balance	26,821,143	17,919,036					17,919,036 *
Sale of Bonds							
– Commercial Paper Proceeds	3,574,052						
Interest Income	4,052,000	100,000					100,000
Reserve for Encumbrances	81,721,841						
Total Civic Center Construction Fund	116,169,036	18,019,036					18,019,036 *
<u>Civic Center Parking Fund</u>							
Beginning Fund Balance	2,375,009	536,226					536,226 *
Sale of Bonds							
– Commercial Paper Proceeds	20,600,000	1,153,000					1,153,000
Interest Income	100,000	50,000					50,000
Reserve for Encumbrances	423,217						
Total Civic Center Parking Fund	23,498,226	1,739,226					1,739,226 *
<u>Civic Center Improvement Fund</u>							
Beginning Fund Balance	-7,942,578	8,500,000					8,500,000 *
Sale of Bonds							
– Commercial Paper Proceeds	42,950,000	2,300,000					2,300,000
Reserve for Encumbrances	6,928,475						
Total Civic Center Improvement Fund	41,935,897	10,800,000					10,800,000 *
TOTAL SOURCE OF FUNDS	181,603,159	30,558,262					30,558,262 *

* The 2006-2007 through 2009-2010 Beginning Balances are excluded from the FIVE-YEAR TOTAL SOURCE OF FUNDS to avoid multiple counting of the same funds.

Civic Center Capital Program
2006-2010 Adopted Capital Improvement Program

Use of Funds

USE OF FUNDS	Estimated 2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	5-Year Total
<u>Construction Projects</u>							
Consultants	7,059,000						
Land Acquisition	183,000						
Public Art	3,290,000						
1. Construction	86,636,000	9,155,000					9,155,000
2. Design and Construction Management	1,265,000	312,000					312,000
3. New City Hall Parking Garage	22,779,000	1,319,000					1,319,000
Total Construction Projects	121,212,000	10,786,000					10,786,000
<u>Non-Construction</u>							
General Non-Construction							
4. Technology, Furniture and Equipment	33,370,897	10,800,000					10,800,000
Total General Non-Construction	33,370,897	10,800,000					10,800,000
Contributions, Loans and Transfers to General Fund							
Transfer to the General Fund to Reimburse Project Costs		1,500,000					1,500,000
Total Contributions, Loans and Transfers to General Fund		1,500,000					1,500,000
Contributions, Loans and Transfers to Other Agencies							
Transfer to RDA - Interconnectivity	65,000						
Total Contributions, Loans and Transfers to Other Agencies	65,000						

Civic Center Capital Program
2006-2010 Adopted Capital Improvement Program

Use of Funds

USE OF FUNDS (CONT'D.)	Estimated 2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	5-Year Total
<u>Non-Construction</u>							
Reserves							
5. Reserve for Capital Improvements		7,472,262					7,472,262
Total Reserves		7,472,262					7,472,262
Total Non-Construction	33,435,897	19,772,262					19,772,262
Ending Fund Balance	26,955,262						*
TOTAL USE OF FUNDS	181,603,159	30,558,262					30,558,262*

* The 2005-2006 through 2008-2009 Ending Balances are excluded from the FIVE-YEAR TOTAL USE OF FUNDS to avoid multiple counting of same funds.

Civic Center Capital Program

2006-2010 Adopted Capital Improvement Program

2005-2006 Use of Funds by Funding Source

	(425) Civic Center Construction Fund	(433) Civic Center Parking Fund	(473) Civic Center Improvement Fund	Total
TOTAL RESOURCES	18,019,036	1,739,226	10,800,000	30,558,262
<u>Construction Projects</u>				
1. Construction	9,155,000			9,155,000
2. Design and Construction Management	312,000			312,000
3. New City Hall Parking Garage		1,319,000		1,319,000
Total Construction Projects	9,467,000	1,319,000		10,786,000
<u>Non-Construction</u>				
General Non-Construction				
4. Technology, Furniture and Equipment			10,800,000	10,800,000
Total General Non-Construction			10,800,000	10,800,000
Contributions, Loans and Transfers to				
Transfer to the General Fund to Reimburse Project Costs	1,500,000			1,500,000
Total Contributions, Loans and Transfers	1,500,000			1,500,000
Reserves				
5. Reserve for Capital Improvements	7,052,036	420,226		7,472,262
Total Reserves	7,052,036	420,226		7,472,262
Total Non-Construction	8,552,036	420,226	10,800,000	19,772,262
Ending Fund Balance				
TOTAL USE OF FUNDS	18,019,036	1,739,226	10,800,000	30,558,262

2005-2006 CAPITAL BUDGET

2006-2010 CAPITAL IMPROVEMENT PROGRAM

CIVIC CENTER

DETAIL OF CAPITAL PROJECTS

The Detail of Capital Projects section provides information on the individual capital projects with funding in 2005-2006, including the following: project name, City Service Area (CSA) and CSA Outcome supported by the project, responsible department, Council District, project location, project description, project start and completion dates, project justification, project costs by type of expenditure, funding sources for the project, and the annual operating budget impact. On the Use of Funds statement, these projects are numbered.

Civic Center Capital Program

2006-2010 Adopted Capital Improvement Program

Detail of Capital Projects

1. Construction

CSA: Strategic Support **Initial Start Date:** 3rd Qtr. 1998
CSA Outcome: Safe and Functional Public Infrastructure, Facilities, Materials and Equipment **Revised Start Date:** 1st. Qtr. 2003
 Effective Use of State-of-the-Art Technology **Initial Completion Date:** 2nd Qtr. 2005
Department: Public Works **Revised Completion Date:**
Council District: City-wide
Location: South side of East Santa Clara Street between 4th and 6th Streets
Description: This allocation funds the construction costs for the new City Hall complex, which consists of 530,000 square feet of office and meeting space, a Council chamber wing, an open public plaza with a rotunda, and a 372-vehicle underground parking garage to serve the visiting public and some staff.
Justification: The new City Hall replaces the current City Hall, consolidates City departments, and reduces annual lease payments for off-site office space.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2004-05 Appn.	2004-05 Estimate	2005-06	2006-07	2007-08	2008-09	2009-10	5-Year Total	Beyond 5-Year	Project Total
Construction	111,494	92,103	86,636	9,155					9,155		207,285
TOTAL	111,494	92,103	86,636	9,155					9,155		207,285
FUNDING SOURCE SCHEDULE (000'S)											
Civic Center Construction Fund	111,494	92,103	86,636	9,155					9,155		207,285
TOTAL	111,494	92,103	86,636	9,155					9,155		207,285
ANNUAL OPERATING BUDGET IMPACT (000'S)											
Maintenance*											
Operating*											
TOTAL											

Major Changes in Project Cost:

2004-2008 CIP - Construction allocation increased by \$19 million to reflect the inclusion of the on-site parking garage, which was transferred from the Civic Center Parking Fund. This shift does not increase the total cost of the project.
 2005-2009 CIP - Shift \$3 million to this project to reflect the reallocation of funds previously budgeted for parking garage land acquisition. This shift does not increase the total project budget.
 2006-2010 CIP - Increase of \$1.5 million as a result of the PAC-SJ lawsuit and an increase of \$4.0 million to address potential close-out costs.

Notes:

* The debt service and operating and maintenance costs have been incorporated into the 2005-2006 Adopted Operating and Capital Budgets.

FY Initiated:	1999-2000	Redevelopment Area:	Yes
Initial Project Budget:	\$178,000,000	SNI Area:	University
Appn. #:	4213		

Civic Center Capital Program

2006-2010 Adopted Capital Improvement Program

Detail of Capital Projects

2. Design and Construction Management

CSA: Strategic Support **Initial Start Date:** 3rd Qtr. 1998
CSA Outcome: Safe and Functional Public Infrastructure, Facilities, **Revised Start Date:**
 Materials and Equipment **Initial Completion Date:** 2nd Qtr. 2005
 Effective Use of State-of-the-Art Technology **Revised Completion Date:**
Department: Public Works
Council District: City-wide
Location: South side of East Santa Clara Street between 4th and 6th Streets
Description: This allocation funds the design and construction management expenses for the new City Hall complex.
Justification: This allocation is necessary to fund the staff and non-personal charges needed to deliver the New City Hall project.

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2004-05 Appn.	2004-05 Estimate	2005-06	2006-07	2007-08	2008-09	2009-10	5-Year Total	Beyond 5-Year	Project Total
Program Management	7,235	1,265	1,265	312					312		8,812
TOTAL	7,235	1,265	1,265	312					312		8,812

FUNDING SOURCE SCHEDULE (000'S)

General Fund	702										702
Civic Center Construction Fund	6,533	1,265	1,265	312					312		8,110
TOTAL	7,235	1,265	1,265	312					312		8,812

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

None

Notes:

FY Initiated:	1998-1999	Redevelopment Area:	Yes
Initial Project Budget:	\$8,000,000	SNI Area:	University
Appn. #:	4641, 5491, 5492, 6613		

Civic Center Capital Program

2006-2010 Adopted Capital Improvement Program

Detail of Capital Projects

3. New City Hall Parking Garage

CSA:	Strategic Support	Initial Start Date: 3rd Qtr. 2001
CSA Outcome:	Safe and Functional Public Infrastructure, Facilities, Materials and Equipment Effective Use of State-of-the-Art Technology	Revised Start Date:
		Initial Completion Date: 2nd Qtr. 2005
Department:	Public Works	Revised Completion Date: 2nd Qtr. 2006
Council District:	City-wide	
Location:	South of St. John Street between Fourth and Fifth Streets.	
Description:	Two parking facilities will be constructed for use by employees and visitors at the new City Hall: City Hall on-site garage and City Hall off-site garage. This allocation covers the cost of the off-site garage only. The City Hall off-site garage will consist of eight levels: one below grade and seven above that will provide approximately 1,128 spaces for City employees and will also be available for public parking on evenings and weekends. The garage will be located on the center of the block bounded by St. John Street, Fifth Street, Santa Clara Street, and Fourth Street.	
Justification:	This project is necessary to meet the demand for parking at the New City Hall.	

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2004-05 Appn.	2004-05 Estimate	2005-06	2006-07	2007-08	2008-09	2009-10	5-Year Total	Beyond 5-Year	Project Total
Construction	2,055	24,098	22,779	1,319					1,319		26,153
TOTAL	2,055	24,098	22,779	1,319					1,319		26,153
FUNDING SOURCE SCHEDULE (000'S)											
Civic Center Parking Fund	2,055	24,098	22,779	1,319					1,319		26,153
TOTAL	2,055	24,098	22,779	1,319					1,319		26,153
ANNUAL OPERATING BUDGET IMPACT (000'S)											
Maintenance*											
Operating*											
TOTAL											

Major Changes in Project Cost:

2004-2008 CIP - Civic Center Parking Garage line item decreased by \$19 million to reflect the transfer of the on-site parking garage component to the Civic Center Construction Fund. This shift does not increase the overall project budget.

2006-2010 CIP - Increase of \$1.2 million as a result of the PAC-SJ lawsuit that delayed the award of the garage by one year. When the project was rebid, the costs were significantly higher.

Notes:

* The anticipated operating and maintenance costs have been incorporated into the 2005-2006 Adopted Operating and Capital Budgets. This project was delayed as a result of litigation.

FY Initiated:	2001-2002	Redevelopment Area:	Yes
Initial Project Budget:	\$44,000,000	SNI Area:	University
Appn. #:	6885		

Civic Center Capital Program
2006-2010 Adopted Capital Improvement Program
Detail of Capital Projects

4. Technology, Furniture and Equipment

CSA: Strategic Support **Initial Start Date:** 1st. Qtr. 2004
CSA Outcome: Safe and Functional Public Infrastructure, Facilities, **Revised Start Date:**
 Materials and Equipment **Initial Completion Date:** 3rd. Qtr. 2005
 Effective Use of State-of-the-Art Technology **Revised Completion Date:**
Department: Public Works
Council District: City-wide
Location: South side of East Santa Clara Street between 4th and 6th Streets
Description: This project provides funding for the technology improvements, furniture and equipment at the new City Hall.
Justification: This investment is necessary to provide a state-of-the-art facility that will meet the long-term needs of staff and the public they serve.

EXPENDITURE SCHEDULE (000'S)										
Cost Elements	Prior Years	2004-05 Appn.	2004-05 Estimate	2005-06	2006-07	2007-08	2008-09	2009-10	5-Year Total	Beyond 5-Year
Equipment	1,014	44,171	33,371	10,800					10,800	45,185
TOTAL	1,014	44,171	33,371	10,800					10,800	45,185

FUNDING SOURCE SCHEDULE (000'S)										
Civic Center Improvement Fund	1,014	44,171	33,371	10,800					10,800	45,185
TOTAL	1,014	44,171	33,371	10,800					10,800	45,185

ANNUAL OPERATING BUDGET IMPACT (000'S)										
None										

Major Changes in Project Cost:
 None

Notes:

A total of \$45.25 million is budgeted for Technology, Furniture and Equipment. A portion of this budget (\$65,000) is reflected as a Transfer to the Redevelopment Agency in 2004-2005 to fund the 4th Street Communications Conduit Project, which provides necessary fiber optics to the new City Hall. Actual contract awards in this category are currently tracking \$7 - \$9 million below budget.

FY Initiated: 2003-2004
Initial Project Budget: \$45,250,000
Appn. #: 5152

Redevelopment Area: Yes
SNI Area: University

Civic Center Capital Program
2006-2010 Adopted Capital Improvement Program
Detail of Capital Projects

5. Reserve for Capital Improvements

CSA:	Strategic Support	Initial Start Date:	N/A
CSA Outcome:	Effective Use of State-of-the-Art Technology	Revised Start Date:	
Department:	Public Works	Initial Completion Date:	N/A
Council District:	City-wide	Revised Completion Date:	
Location:	South side of East Santa Clara Street between 4th and 6th Streets		

Description: This allocation establishes a reserve for capital improvements and is funded by interest income on the bond proceeds.

Justification: The new City Hall bonds were issued with the condition that the bond interest be set aside as a project reserve. This was done because the construction bids were not available at the time the bonds were issued, resulting in potential risk to bond insurers and investors. These parties expect the City to have reserves to pay the potential costs, should the bids exceed the estimates.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2004-05 Appn.	2004-05 Estimate	2005-06	2006-07	2007-08	2008-09	2009-10	5-Year Total	Beyond 5-Year	Project Total
Reserve		11,323		7,472					7,472		7,472
TOTAL		11,323		7,472					7,472		7,472

FUNDING SOURCE SCHEDULE (000'S)											
Civic Center Construction Fund		10,952		7,052					7,052		7,052
Civic Center Parking Fund		371		420					420		420
TOTAL		11,323		7,472					7,472		7,472

ANNUAL OPERATING BUDGET IMPACT (000'S)											
None											

Major Changes in Project Cost:

None

Notes:

The 2006-2010 CIP allocates \$4.0 million of the interest earnings as a contingency to the new City Hall construction project to address estimated close-out costs.

FY Initiated: 2003-2004

Redevelopment Area: Yes

Initial Project Budget:

SNI Area: University

Appn. #: 7203, 7676